

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2011-264-E - ORDER NO. 2011-510

JULY 29, 2011

IN RE: Petition of South Carolina Electric & Gas)	ORDER GRANTING
Company for an Accounting Order to Defer)	PETITION FOR AN
and Record as a Regulatory Asset a)	ACCOUNTING ORDER
Community/Economic Development Grant)	
Made to Central SC Alliance)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition of South Carolina Electric & Gas Company (“SCE&G” or “the Company”) for an accounting order for regulatory accounting purposes authorizing SCE&G to defer as a regulatory asset certain payments made to the Central SC Alliance in the form of a Community/Economic Development Grant (“Grant”) totaling \$1 million. The Central SC Alliance used the Grant to entice Michelin North America, Inc. (“Michelin”) to expand its tire building capacity at its existing site in Lexington County, South Carolina.

According to the Company, the request for relief does not involve a change to any of the Company’s retail rates or prices at this time, or require any change in any Commission rule, regulation, or policy. Further, the Company asserts that the issuance of the requested accounting order will not prejudice the right of any party to address these issues in a subsequent general rate case proceeding; therefore, no notice or hearing is required.

The Central SC Alliance was founded in 1994 and is a 501(c)(3) not-for-profit public/private partnership which engages in the recruitment of capital investment and job creation in the Central region of South Carolina, including Lexington County. In Lexington County, Michelin operates a 1.2 million square foot manufacturing facility at which it builds tires for passenger cars and light trucks. This facility employs 1,360 people. Michelin also has an 825,000 square foot earthmover tire plant in Lexington County which employs 475 people. SCE&G provides electric service to Michelin's Lexington County facilities.

In August 2010, Michelin contacted SCE&G and informed the Company that it was considering expansion of its Lexington County operations. In an effort to promote economic development in central South Carolina and convince Michelin to expand its Lexington County operations, SCE&G advised Michelin that it would be willing to fund the Grant in the amount of \$1 million. For this and other reasons, Michelin agreed to move forward with expansion of its Lexington County facility. This expansion has the potential to create approximately 270 new jobs in Lexington County in the next two years.

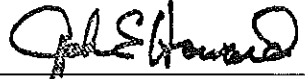
SCE&G and Michelin previously entered into a Contract for Electric Service dated April 1, 1998, as amended on September 16, 2004, and as amended on March 1, 2006. In contemplation of this expansion, SCE&G recently entered into a Third Amendment to Contract for Electric Service, effective May 8, 2011, and continuing through May 8, 2021. SCE&G now seeks a Commission order authorizing the Company to defer and record as a regulatory asset the \$1 million payment made to the Central SC

Alliance as a Community/Economic Development Grant, and further seeks authority to amortize the deferred amount to electric operating expenses over the ten-year term of the Third Amendment to Contract for Electric Service in equal monthly amounts effective May 8, 2011.

The Petition for an accounting order is granted. SCE&G has demonstrated that its investment in the central South Carolina area has helped secure expansion of an important expansion of Michelin's manufacturing facilities in Lexington County, resulting in the potential addition of 270 jobs. The requested accounting order will result in no changes in retail rates or prices, and no party's right to address this matter in a subsequent general rate proceeding will be prejudiced by it. We therefore authorize SCE&G to defer and record as a regulatory asset the \$1 million payment made to the Central SC Alliance as a Community/Economic Development Grant, and further, we grant SCE&G authority to amortize the deferred amount to electric operating expenses over the ten-year term of the Third Amendment to Contract for Electric Service in equal monthly amounts effective May 8, 2011.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)